Lloyds Bank Limited

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****The Bank publishes from time to time in this* MONTHLY REVIEW *signed articles by exponents of different theories on questions of public interest. The Bank is not necessarily in agreement with the views expressed in these articles.***

The Indian Market—its Outlook and Changing Character

By Sir Alfred H. Watson

GREAT constitutional changes are afoot in India. Before the end of the present year certain parts of the new Government of India Act will be in operation, and all arrangements will have been made for the election of the autonomous legislatures that will rule in the provinces. Federalism is necessarily postponed to a later date, but all parties are anxious that it should be pressed forward as quickly as possible.

That these alterations cannot be wholly divorced from any consideration of the economic future of the country is plain from the endeavours recently made to secure in the legislatures representation of particular commercial interests. Nevertheless the probability is that the transfer of political power will have less influence upon commerce and industry than on other features of the country's life. Adequate guarantees against either discrimination or the penalising of British enterprise were inserted in the Act at the time of its passage. These have been reinforced by India's adherence to the Ottawa Agreement and by the exchange of notes covering the Indo-British Trade Agreement. While it is probable that

these safeguards will be challenged by certain parties in India that challenge can have little effect. The future position can be studied without anxiety about political considerations.

The importance of the Indian market cannot well be exaggerated. Even under present conditions India takes some 9 per cent. of the total exports from the United Kingdom and is the best individual customer for British manufactured goods among the nations of the world. Although the purchasing power of the individual Indian is small the country had a population at the last census of 352,000,000. That population is growing at the rate of three millions a year and must now exceed 365,000,000. An addition of a single rupee a year to average income would create an extra spending power of £20,000,000. Any substantial revival in Indian prosperity would be reflected immediately in the volume of her purchases abroad, for the placid contentment of the past with a low standard of living has been steadily giving way before a demand for minor luxuries. So rapid, for example, has been the growth in cigarette smoking that the two large British combines have established factories in India.

The prevalent despondency about the future of the Indian market has had too little regard to the tremendous effect of the economic blizzard of 1929 upon the purchasing power of India. Severe as was the storm elsewhere in the world it struck with a special fury upon a country depending so largely upon agriculture. Exports of Indian produce which had averaged 35,351 lakhs of rupees (a lakh of rupees is £7,500) in the years from 1925 to 1929 fell to an average in the next five years of 19,860 lakhs and in 1932–3 touched the low level of 16,120 lakhs. Practically speaking, the income of India from overseas trade was halved and the decline in her purchases of foreign goods was almost as great.

In part these effects have been masked by the exports of gold from India since 1931. The sale of gold to the value of £201,000,000 since the abandonment of the gold standard in September, 1931, has maintained the balance of trade in India's favour, enabled her to meet her commitments abroad and considerably increased the internal circulation of currency. Without these gold exports the Indian import of necessities must have fallen more heavily and with it the whole standard of life of her people. Though the sale of gold has been denounced by many Indians as an additional drain upon an impoverished

people it has in fact made no great inroad upon "India's immeasurable store." In actual weight of gold it represents rather less than 60 per cent. of the imports in the five years to 1929, and before that India had a continuous record of imports of gold for seventy years.

As a direct consequence of this employment of part of the hoard of gold Indian credit has been maintained at the highest level. All her external obligations have been promptly met, substantial sums in sterling loans have been converted into rupee securities, mostly held by the Indian people themselves, and the Indian Government has been able to float a long-term loan carrying a fraction over 3 per cent. interest—the lowest figure since 1896. The annual charge for debt has been substantially reduced by a series of conversions creating a reserve of borrowing power, and so enlarging the possibilities of economic advance in the future. Moreover India has the proud and almost unique record of never having defaulted in meeting an interest payment or in repaying a debt at due date.

While the trade outlook already shows many signs of improvement it would be holding out false hope to pretend that the Lancashire trade in textiles can ever be restored to the level at which it once stood. At the highest point of prosperity, in 1913–4, Lancashire sent 3,000 million yards of cotton fabrics to India and in the same year the Indian mills produced 1,200 million yards. In 1934–5 the Indian mills had an out-turn of 3,500 million yards and the import from Lancashire has fallen to 562 million yards. With any increase in the prosperity of India there will be revival of demand for the finer cloths of Lancashire. Imports of cotton yarns and fabrics show an improvement in value of practically two millions sterling in the nine months of the fiscal year of 1935 as compared with the corresponding period of 1933, but this is a small fraction of the previous decline. Sir Thomas Ainscough, our Senior Trade Commissioner in India, has recently expressed the view that, "Given a spell of economic prosperity in India . . . we may easily see a material advance in Lancashire's trade without affecting the Indian mill output in the slightest." Perhaps the actual position is best set out in this way: At the highest level in the past the consumption of cotton cloth in India has been 16·7 yards per head of the population. Last year it was 15·6 yards per head. India could absorb 400 million more yards per year, and for the bulk

of that increase Lancashire could compete with the native mills, always with the knowledge that these have probably not reached their full capacity in production.

Apart from economic improvement two factors have contributed to the recent increase in Lancashire's exports. The Clare-Lees Mody pact of 1933 was a statesmanlike endeavour to secure the goodwill of India and led directly to reciprocal concessions under which the Lancashire mills are using a larger proportion of the short-staple Indian cotton, while Lancashire has obtained an advantage in competing against Japanese cloths, which are subjected both to a heavier duty and a quota. At the moment a Tariff Board is sitting in India, under the chairmanship of Sir Alexander Murray, to decide the position now that the Pact is expiring, and before that Board Lancashire has presented its case for reduced duties with full recognition that the Indian mills are entitled to such protection as will equate selling costs in the country.

Were British trade with India wholly a matter of selling textiles the outlook would be gloomy enough. While, however, cotton goods are the largest individual import, they are far exceeded in total value by the imports of steel, machinery and mill-work, electrical appliances, chemicals and hardware. The very mention of these articles illustrates the vast change in Indian life. The general conception of India as almost purely a nation of agriculturists, clothing themselves in cotton cloths, has no relation to present circumstances. India already takes her place among the eight great industrial nations of the world. If it be still true that 90 per cent. of her people are directly dependent upon agriculture, the remaining 10 per cent. in a population of 365,000,000 is a margin greater than the total population of many European countries. A fourth of the total of India's exports is made up of articles wholly or partly manufactured in the country. Industries utilising power have multiplied in the last thirty-five years, and have, in the main, been equipped with machinery made in Great Britain, and that machinery of the most efficient description.

Swift as has been the rise of India as an industrial nation she is not destined to remain at the present level. Any permanent halt is made impossible by the mere pressure of increasing population upon the land. World conditions during the last five years have arrested progress and there has been little or no increase in the number employed in industry, but

even those years have been marked by the rapid expansion of the sugar industry which has expended six millions sterling in new machinery, of which over 60 per cent. has been of British manufacture. The manufacture of paper, for which India herself can provide abundant raw material, has also been progressive and has been carefully sheltered by a high tariff.

The change in the Indian demand is illustrated in the utilisation of the motor-car. The era of great railway development is over. The country is well served by its 42,000 miles of railway line. The future is with the metalled roads, of which India already has over 60,000 miles. Twenty years ago there was scarcely a bus service in the country. To-day motor-buses run everywhere where there is a road capable of carrying them. In the beginning the British motor-car manufacturer was slow to utilise the new market that was open to him. Ten years ago five-sixths of the motor trade was done by American firms, and an English car was almost a rarity. Currency changes and a preference in the tariff, together with better marketing methods on the part of the British makers, have reversed the relative positions so far as private cars are concerned. Whereas in 1928–9 imports from the United Kingdom were 3,645 cars, as against the 10,145 from the United States, in 1934–5 Great Britain sold 6,311 cars and the States 5,564. As regards motor omnibuses the United States still holds the foremost position with 6,559 vehicles as against the 1,171 from Great Britain. There is no conceivable reason why that inferiority should continue, given an adequate sales organisation and service after sale—which is more imperative in India than elsewhere.

Any glance through the schedules of India's miscellaneous imports suggests to the imagination the changed life of the country. Motors and tyres are taken from Great Britain to the value of £2,000,000. Three-quarters of a million sterling are expended in pedal cycles and 70 per cent. of that trade comes to British firms. Hardware, paints and colours, wrought metals, instruments and apparatus of various kinds are all trades in which the British manufacturer does a large percentage of the business. These goods are receiving a preference under the Ottawa Agreement, to which India is a party. Since the signing of that agreement the British proportion of the trade has shown substantial advance. Even more remarkable is the recent growth in the demand for wireless apparatus, for

cinematograph films and plants—even the smaller towns now have their cinema theatres—and, in the cities, for air-conditioning machinery, telephones and typewriters.

The pathetic figure of the punkah-wallah has disappeared from all the great centres of India. Instead the Indian, as well as the European, sits beneath whirling electric fans. Cities like Bombay and Calcutta are not only lighted from enormous electricity plants, but the greater number of their factories use electric power. If the electrical history of the smaller centres has been somewhat chequered from the financial standpoint and there has been a halt in new developments, demand will arise again with any increase of spending power. Even more remarkable, as exhibiting the break with immemorial tradition, is the employment of chemical manures in agriculture and of chemical products in general industry. In the days of stress the imports of chemicals have increased instead of declining. They were of the value of 292 lakhs in 1934–5, and the British proportion was 56 per cent. There could be no better demonstration of how good organisation in distribution and sound advertising methods can foster business in difficult circumstances.

All these things point in the one direction and suggest the change in the character of British trade with India that must be made if that trade is to be maintained and increased. The older business upon which this country has been wont to rely is growing less. Cotton can never be fully restored. Steel has to meet the increasing capacity of India to manufacture for herself. In normal times India must continue to be an importer of steel, and the Iron and Steel Duties Act of 1934 has secured preferential terms and a moderate duty for British steel. Yet it is improbable that India will require much more than half a million tons of steel each year from abroad, as against the 1,170,000 tons which she took in 1929. The great staples of our export trade in the past must be increasingly replaced by the technical manufactures, the machinery and the luxuries which India cannot produce for herself. Fortunately it is in the supply of these that British trade has shown greater power of adaptation to the market than any of its competitors, not excepting Japan, which is always formidable by reason both of its low prices and the quick response to circumstances of its marketing organisation.

It will always be matter for difference of opinion in what

proportion the great blow to British trade after 1929 was due to the collapse of India's purchasing power and to what extent it was the outcome of the political agitation that led to boycott. The two forces acted simultaneously and added to the effects of one another. One consequence of the political agitation that lasted for years was the injury done to the distributing machinery of British trade throughout the country. To repair that has been a laborious and costly business, but the restoration is almost complete. Indian opinion increasingly demands, however, that Indians shall be associated with all the larger concerns doing business in India, both in the directorate and the provision of capital. Many of the more far-seeing firms had anticipated the necessity of making these concessions to Indian sentiment, and there are few great businesses in India to-day that are not of the nature of a real partnership between the two races.

In that closer co-operation is the best hope for Indian commerce and industry. It is probable that India will show itself capable of absorbing large amounts of British capital, that, indeed, much of the initiative in development will have to come from the British side. The old timidity about investment is, nevertheless, being overcome in the Indian mind. The cotton mills of Bombay and, to a greater extent, the newer mills at Ahmedabad are financed by Indians. Although the management of the jute industry of Bengal is, generally speaking, in British hands, the capital has passed to Indians to an extent roughly calculated at from 60 to 70 per cent. The great steel works of Tatanagur are directed by Indians. So is the remarkable hydro-electric enterprise that supplies power to Bombay. Indian capital is, in short, readily forthcoming for enterprises of promise, and a steadily increasing proportion of India's debt is held by its own people.

In the immediate future prospects of progress depend wholly upon recovery in the prices of agricultural produce. Without that India can neither buy more nor initiate new internal enterprises, for her outpouring of gold clearly has its limits. Fortunately some recovery is already apparent. The prices of wheat, jute, rice are all better than they were. The railways, which were heavily hit by the general depression, report a return of business. The ports still have difficulties, complicated by quarrels with the railways regarding the low rates charged by these for transmission between coastal points.

The full extent of the fall has nowhere been fully recovered, but India has a sentiment of confidence that was absent in the earlier thirties. That confidence has been plainly shown in the subscription to the Reserve Bank—the first practical result of the Government of India Act. Not only was the capital at once forthcoming—it stands at a high premium in the market.

The cotton mills are prospering. Those manufacturing jute are passing through a critical time, for the restricted production which has been maintained by the British-managed mills has been gradually undermined by the action of Indian-owned mills, and the capacity of all the looms, working for full hours, is far beyond what the world market in its present condition can absorb. In spite of these anxieties jute shares stand higher in the market than they did. The outlook for coal is less satisfactory. Many of the mines are still shut down, and a far greater measure of recovery in trade and transport must take place before there is anything like full work for the pits. India, although not a great producer of rubber, has been helped by the improvement in that market, while her enormous tea industry is working well under restriction, which has reduced stocks and increased prices. The figures for the present fiscal year are less satisfactory, but still show an improvement of forty lakhs over the corresponding period of 1933.

Taking total figures for the nine completed months of the fiscal year of 1935, Indian imports have increased by £6,000,000 over the corresponding period of 1934 and her exports by £6,750,000. Imports from the United Kingdom show an improvement of £1,750,000 with a drop in exports to the same market of £750,000. As compared with 1931 imports from British sources are over £5,000,000 better.

Reviewing the whole situation, it is plain that India has shown remarkable resiliency in the years of depression. Already she is struggling out of the slough. Her trade, both inward and outward, has been materially helped by the Ottawa Agreement, and by the better understanding reflected in the cotton agreement, and in the conversations between delegations of the Indian and British steel industries. Whatever attacks upon these may have been made in more extreme political circles the sober opinion of Indian traders is reflected in the findings of a special committee of the Indian Legislative Assembly which gave its blessing to the Ottawa preferences, as having

proved a definite advantage to both the import and export trades. The all-round increase in Customs duties imposed in 1931 remains as an obstacle to improvement in purchasing power. The higher duties have proved protective where they were intended to be simply revenue raising, and have led to the setting up on an inefficient basis of small industries which are already raising a clamour for further protection. Nothing could more benefit mutual trade than such an improvement in internal revenue as would allow these emergency imposts to be swept away.

Far from erecting a barrier to the further development of British trade with India, the new political conditions, with their removal of much of the friction of the past, would seem to the observer to offer larger opportunities to British capital, to the British technical worker and to a wide range of exporting trades. The newer purpose must be to equip India for that multiplicity of industries made possible by its resources in raw materials, by its millions of skilled craftsmen and by the large local market. While there may be some alarm at this creation of a great new competitor in industrial markets it must be long before India can supply its own increasing needs, and a people industrially occupied has far greater power of expenditure than one that is purely agricultural. British trade must awake to the fact that the character of India's need is changing, and must cultivate the greatest of all open markets as it would the market of any other Dominion. For that task it has great advantages in the organisation already built up, in the fact that India is a believer in the quality of British manufactures, has trained itself in the ways of British trade, and has accustomed itself to rely on British banks for finance. Nor is the Indian, who is a keen business man, blind to the advantageous position he is given in the Empire market. He will be found ready for reciprocity, for while he is conscious that Indian purchasing power is vital to Great Britain he is open-eyed to the fact that 30 per cent. of India's exported products find a market in the Empire. Exchange between the two countries tends to balance. Cultivation of the spirit of partnership should ensure that it will continue to do so at a rising level.

ALFRED H. WATSON.

February 28th, 1936.

Notes of the Month

The Money Market.—February has again been an inactive month. The dominant factor has been the continued redemption of Treasury bills out of the seasonal influx of revenue, and between December 31st and February 29th, outstanding Treasury bills issued by tender were reduced from £565 to £505 millions. This contraction, however, is a little less than might have been expected, partly because the Exchange Equalisation Account has been buying gold and therefore reducing its own holdings of Treasury bills. The operations consequent upon the Government's refunding operation of early December have also from time to time affected the discount market. For example, £150 millions of 2 per cent. Treasury bonds fell due for repayment on March 2nd, and it was reported that during February the Government broker was buying up these bonds from the discount market and other holders, thus virtually spreading their repayment over several weeks. The discount market thus found itself well supplied with funds from that quarter, and so was under no pressure to sell bills to the clearing banks. The clearing banks have continued to buy Treasury bills with not more than eleven weeks to run at their agreed minimum rate of ½ per cent., while both the Treasury bill average tender rate and the market rate for three months' bank bills have been only a fraction higher. Short loans from the clearing banks remain at rates of ½, ¾ and 1 per cent., according to the various classes of collateral. The market is able to earn a small turn on bills eligible as collateral for ½ per cent. loans, but business is still barely remunerative. Still, the market is no longer working at a loss as in previous years, and the redemption of the floating debt always makes for low discount rates at this time of year.

The Foreign Exchanges.—The main development of February was the weakness of the dollar. To some extent this may be seasonal, as sterling usually strengthens in the early part of the year, but the fact that the dollar also depreciated against the franc suggests that the pressure was also due to other causes. There is little doubt that the passage by Congress, in face of the President's veto, of the Veterans' Bonus Bill, involving the Administration in fresh expenditure of $2,500 millions, gave rise to considerable apprehension,

intensified at first by doubts if fresh taxation would be imposed in the year of the Presidential election. These fears were sufficient to cause a withdrawal of foreign funds which a few weeks earlier had been glad to seek refuge in New York, even though few people really believe in the possibility of a fresh devaluation of the dollar. The American authorities at once allowed gold to be exported, and early in February shipments were made to France and Holland. Gold was also ear-marked against official purchases of silver from China. These shipments of gold helped to support the dollar, and towards the end of February these fears became partially allayed. Nevertheless, the dollar has been quoted against the pound at either side of $5.00, while in Paris it has been as low as Frs.14·94, which is approximately the point at which it pays to ship gold from New York.

The franc has been firmer against sterling than at the end of last year, and since the end of December the Banque de France has reduced its rediscount rate from 6 to 3½ per cent. On February 19th the French Treasury arranged a credit for £40 millions with a group of London banks. The terms were for three months, but the French Treasury had the option of renewal for two further periods of three months. Interest is payable at 3 per cent. This money is required by the French Treasury to provide for current expenditure, and the operation is not intended to support the exchange. The simple fact is that the Treasury finds it easier to borrow in London than in Paris. To relieve any pressure on the exchanges due to the transfer of this sum, special measures have been concerted by the Bank of England and the Banque de France, the precise nature and details of which have not been disclosed. These do not involve the latter institution in any liability, direct or contingent, for the repayment of the loan.

The Stock Exchange.—Markets were inclined to be variable during February, and while certain sections displayed considerable strength, other sections were more hesitant and were inclined to wait on immediate events. The gilt-edged market was quiet, and prices remained practically unchanged. The terms of the new Railway Finance Corporation issue of £27 millions 2½ per cent. Guaranteed Debentures, 1951–52, at a price of 97, were regarded as stiff, but the loan was a success and initial market quotations were around par. Several new municipal issues were placed during the month, but the terms

of these issues are still not wholly attractive to investors. In the foreign bond market, some interest has been taken in Brazilian bonds. The terms of the latest debt agreement were on the whole well received. Home rails improved early in the month on the rating judgment and the settlement of the coal dispute. The dividends declared during February by the four British trunk railways were as good as had been expected, but towards the end of the month prices reacted as the result of profit-taking and poor traffic returns. Argentine railways strengthened on the news that the rate for remitting funds home had, after some negotiation, been fixed at 15·75 pesos to the pound. In the industrials market the main event was a sudden advance in shares in aircraft, steel and other undertakings which are expected to benefit from the Government's re-armament programme. The rise in prices was if anything too rapid, especially as the Government has given fresh assurances that manufacturers will not be permitted to earn excessive profits, and during the last week of February there was a slight but salutary reaction. Coal shares improved early in the month on the settlement of the dispute, but textile shares had been consistently dull. There has been spasmodic activity in the oil share market, mainly of a selective character, but prices sagged towards the end of the month. Rubber shares improved with the advance in the commodity to the highest price since the autumn, 1934, but the recovery in the share market was less than might have been expected and has not been fully held. Tea shares were idle. Gold-mining shares rose for a time under the influence of Paris buying, but operators are awaiting the new taxation proposals of the South African Government and prices have latterly weakened. There was some activity in West African mines. Copper-mining shares have responded to the advance in the American price of copper. Tin shares were dull until late in the month, when they rose on the news of the decision to reduce the tin quota.

Commodity Prices.—Wholesale prices in Great Britain during February were only subject to minor fluctuations, but they were on the average slightly lower than during the three previous months. A similar tendency was noticeable in the United States, where there has been a very slow downward trend which has lasted since October. French wholesale prices are still rising very slowly, while German wholesale prices remain firm.

In England the official cost-of-living index number for the end of January has remained at 47 per cent. above pre-war for the fourth month in succession. By the end of January the seasonal decline in the cost of living ought to have begun, so that in that sense the past two months have witnessed a slight virtual rise. The official index number of retail food prices fell during January from 31 to 30 per cent. above pre-war. This movement is less than the normal seasonal decrease at this time of year.

Overseas Trade.—Imports for January were considerably greater than those of the previous year. The increase was fairly well spread over all classes of foodstuffs and raw materials, and to some extent indicates an improvement in both home purchasing power and home industrial activity. Exports were slightly lower than those of a year ago, the suspension of coal shipments to Italy being one explanation. The returns are summarised below:—

Description	January, 1935	January, 1936	Increase (+) or Decrease (−)
	£ mn.	£ mn.	£ mn.
Total Imports	61·9	70·0	+8·1
Retained Imports	56·9	65·7	+8·8
Raw Material Imports	19·8	22·4	+2·6
Manufactured Goods Imports	14·2	16·0	+1·8
Total Exports, British Goods	35·5	34·5	−1·0
Coal Exports	2·7	2·3	−0·4
Iron and Steel Exports	2·8	2·7	−0·1
Cotton Exports	5·4	5·1	−0·3
British Manufactured Goods Exports ...	27·5	26·6	−0·9
Re-exports	5·0	4·3	−0·7
Total Exports	40·5	38·8	−1·7
Visible Trade Balance	−21·4	−31·2	+9·8

Late in February the Board of Trade issued its annual estimate of the balance of payments. Comparing 1934 and 1935 the adverse visible trade balance for merchandise alone was reduced from £284 to £276 millions, or by £8 millions, but whereas in 1934 imports of silver were nearly £10 millions in excess of exports, in 1935 there was an export surplus of £14·5 millions. Taking merchandise and silver together, the adverse trade balance was reduced by £32·7 millions in 1935 compared with 1934, but £24 millions of this reduction was

due to silver alone. Among " invisible " exports, net shipping earnings are estimated to have increased from £70 to £75 millions, and the estimated net income from overseas investments has risen from £175 to £185 millions. Debt repayments to the British Government, amounting to about £9 millions in 1934, were not repeated in 1935. On balance, therefore, invisible exports increased by a net £6 millions. The final result, therefore, was that whereas in 1934 there was an estimated adverse balance of payments of £2 millions, in 1935 there was a favourable balance of £37 millions. This result would be more satisfactory if it were not largely due to silver movements, which may be fortuitous, but at least it shows that our external trading accounts for 1935 closed comfortably on the right side.

Home Reports

The Industrial Situation

Superficially there have been since the New Year one or two signs of a slight recession in business. There has been an increase in unemployment, some diminution in the number of building plans passed, some hesitancy in wholesale prices, and a small decrease in exports compared with the previous year. The rise in unemployment is partly attributable to bad weather conditions on the day of the January returns, for outdoor work was seriously interrupted. Also there is usually some increase in unemployment after the termination of Christmas trade. Too much attention, therefore, need not be paid to this movement.

Fundamentally, there is no sign of any interruption to the trade revival. The iron, steel, and engineering industries are busier than ever, and Glasgow reports a remarkable recovery in shipbuilding. Coal production for January was higher than in 1935, and home demand for coal has been well maintained even since the removal of any fear of a coal stoppage. The building boom, in the opinion of some authorities, may have reached its peak, but last year's legislation against overcrowding has still to take effect. Expenditure upon re-armament has so far only affected the aircraft industry, but this is very active. In the consumers' goods industries, the woollen and worsted trades remain active, but demand for cotton goods is dull, and the jute trade is suffering from the dispute between various sections of the Indian industry. Home demand for clothing and boots is good. Among more general indicators of home trade, the demand for industrial chemicals continues good, while raw material imports for January and railway goods traffics for the year to date are better than in 1935.

If home production is well maintained, there is equally evidence of the recovery in home purchasing power. The note circulation for the end of February was £22 millions higher than a year before. Bank clearings are higher than a year ago. More significant still, the retail trade index for the end of January showed an increase of 10·8 per cent. over the previous year. To judge from the latest returns, revenue is also coming in well. This is not only satisfactory for the Treasury,

but is also further evidence of the improvement in the nation's means.

News from the Empire remains encouraging. On the Continent, reports from France are a little better, while those from Belgium remain fair. Conditions are still difficult in Holland and Switzerland, while during the past month German trade conditions have shown little change either way. There has been further improvement in Scandinavia. Business conditions in the United States are again better, but progress is for the moment less rapid than at the end of last year. Recent events, such as the abrogation of the processing taxes and the passing of the Veterans' Bonus Act, and also the fact that the Presidential election is due this year, have had an unsettling effect.

Agriculture

England and Wales.—According to an official report, work on the land was generally much in arrears at the end of January. Early sown corn germinated well and is healthy, but later sown crops have been less successful. Potatoes appear to be keeping rather better than was at one time anticipated. In those areas where lambing has started the fall appears to be satisfactory, but drier weather would be beneficial to both ewes and lambs. Cattle and sheep made little progress during January, but stock has not lost condition in spite of the inclement weather. Milk yields have dropped slightly below normal. With care, supplies of winter keep should prove sufficient until the spring.

Scotland.—Weather conditions since the New Year have proved most unfavourable for farming operations, and work is very far behind. One consequence may be a substantial decrease in the acreage under wheat this year, and if, as is probable, oats have to be sown instead, the outlook for growers is not regarded hopefully. In the produce markets all classes of grain have met a slow sale with prices tending to become easier. With the fresh weather towards the end of February, potatoes came on offer, but save for a slight fall in white ware, prices are unaltered. In the livestock markets the demand generally has been steady with prices inclined to harden for good quality bullocks, but certain classes of sheep, not of the best, met a very moderate trade.

Coal

Hull.—Business is still quiet. There is a little more coal available on the export market, but collieries are still holding out for high prices.

Newcastle-upon-Tyne.—Northumberland collieries were working at full pressure during February. Durhams are rather easier, but best qualities are in fair demand. Some rearrangements may be necessary to ensure steady trade in the future, as forward business shows a distinct slackening, probably owing to the recent price increases to which buyers abroad have not yet responded.

Sheffield.—Business is steady. Industrial requirements are expanding and prices remain firm. Activity in the steel trade is responsible for the growing demand for blast furnace coke, which is in short supply beyond contract quantities. The export coal market is a little easier. The Quota Committee of the Midland (Amalgamated) District (Coal Mines) Scheme, 1930, has increased the output and inland supply quotas, originally fixed for the month at 55 per cent., to 62½ per cent. in each case. The export supply figure remains unchanged at 67½ per cent.

Cardiff.—Following the settlement of the coal dispute, the heavy demand for coal has subsided, and the market was considerably quieter during February. All classes of large coals are readily obtainable at minimum prices. Sized coals, washed smalls and ordinary colliery smalls continue to be in strong demand at the recent advanced prices. Exporters anticipate a 10 per cent. cut in the French Coal Import Quota for the next quarter, but a decision has not yet been reached.

Newport.—Foreign shipments amounted to 193,000 tons in January, compared with 192,000 tons in December, and 167,000 tons in January last year. Dock shipments, foreign and coastwise, averaged 60,000 tons per week as compared with 63,000 tons in December and 59,000 tons in January. Demand for home consumption continues to be brisk. Patent fuel shipments totalled 7,050 tons, or 1,800 tons less than in December and 5,000 tons less than in January, 1935.

Swansea.—Conditions are quieter, but the very best quality anthracites are moving sufficiently to keep prices steady. Second qualities show considerable irregularity, while there is little business in inferior qualities. Steam coal is quiet and prices are unchanged.

East of Scotland.—Collieries are fairly busy. In Fifeshire all classes of steam coal continue in good demand, while washed fuels, with the exception of singles, are really difficult to obtain. In the Lothians screened coal is meeting a strong home demand, and washed fuels are mostly well taken up.

Glasgow.—Demand has eased off considerably since the earlier part of the year, as consumers now hold stocks accumulated in anticipation of a stoppage, but collieries have still substantial contracts to fulfil. A fairly rigid control of prices has prevented any precipitate fall, although some qualities of coal are obtainable without difficulty. Collieries in Ayrshire are finding a ready outlet for large and small coals for inland consumption and for shipment coastwise and to Ireland, and are in no need of new export business. Round coal is also practically fully booked in Lanarkshire, and the only qualities offered for export are washed nuts, which are obtainable in limited quantities.

Iron and Steel

Birmingham.—During February prices were advanced, ordinary steel billets by 7s. 6d. per ton, steel bars by 9s. per ton, and hematite pig-iron by 4s. per ton. Mills are well employed, and pig-iron is in increasing demand. Steps are being taken to augment supplies, and as consumers have all contracted heavily for months to come, it is unlikely that they will be buying again for some time. Orders are mainly for home consumption, and doubts have been expressed of the wisdom of increasing prices.

Sheffield.—Steel works continue busy, particularly those concerned with armaments, aircraft and the motor trade. The basic steel works continue to work to capacity and order books are promising. Rolling mills are busy, and sheets, strips and bars of stainless steels are being produced on a very heavy scale.

Tees-side.—Great activity characterises all sections of the trade, and manufacturers are engaged on order books of exceptional proportions. There is an acute scarcity of pig-iron, particularly of foundry grades, and makers are having to concentrate on home deliveries to the almost complete exclusion of export business. Three additional blast furnaces are to be brought into commission this month, and later in the year

more plant is to be restarted. Hematite iron prices have advanced, but foundry rates are unchanged. Soft billets have also increased in price owing to higher fuel and raw material costs. Manufacturers of semi-finished steel cannot keep pace with re-rollers' demands despite larger imports, while great difficulty is experienced in maintaining full deliveries of structural materials. The improving shipbuilding position is resulting in the release of a larger tonnage of shipyard specifications. Rail mills are actively employed.

Wolverhampton.—Many local foundries are working overtime, and all are fully employed.

Newport.—All the local works continue busy, but exports remain at a low level. Imports of products amounted to 18,000 tons in January, against 24,000 tons in December, and nearly 50,000 tons in January, 1935. Exports, including general cargo, totalled 12,500 tons, against 12,300 tons in December and 13,000 tons in January last year.

Swansea.—Tinplates met with a better demand during January, and the industry was employed at 56·8 per cent. of capacity. Makers have decided to raise the production under the Pooling Scheme to 60 per cent.

Glasgow.—The iron and steel works in the West of Scotland are very busy. The steel market is unquestionably quiet, but producers are heavily committed forward, and the lull in new business is not altogether unwelcome, as it gives them an opportunity of dealing with arrears of work. Structural steel and shipbuilding materials are in active demand. Sheet makers are also busy on home orders, particularly for the motor-car industry. Tube makers are not so well booked as they were some time ago, but outputs are still on a good scale. Steel re-rollers are well employed and the demand for wrought iron has begun to show a seasonal improvement. Makers of pig-iron are disposing of their production without difficulty, and prices of all qualities are firm.

Engineering

Birmingham.—Conditions in the heavy and light industries remain very good. The electrical trades and motor-car component and accessory manufacturers continue extremely busy. The erection of new factories and other buildings maintains the demand for constructional material.

Coventry.—Activity in the motor vehicle and allied trades continues. The machine tool and electrical industries are also fully employed. The prolonged cold weather has seriously hampered building operations.

Leeds.—There has been a further improvement, particularly in the lighter section.

Leicester.—Trade is good. Plant is fully employed, and there is practically no short time or unemployment among the skilled workers.

Sheffield.—Further progress has been made, and conditions are on the whole satisfactory. Prosperity continues in all branches of the tool trades. Production of twist drills, milling cutters, hack-saws and precision tools is greater than ever before, and the demand for farm and garden tools is above the average for the time of year. Italian sanctions have had a certain adverse effect on export trade, but trade conditions generally are so good that this loss has been scarcely noticeable.

Wolverhampton.—The demand for general engineering is being maintained. Most manufacturers of aeroplane parts and motor vehicle components continue busy, and skilled workers are required in the sheet metal sections to keep pace with requirements. Exports of electrical machinery show an increase. Demand for steel flooring continues, and there has been an expansion in the edge tool trade.

Glasgow.—Clyde shipbuilding continues to make a remarkable recovery, and several shipyards are now in the happy position of having more ships on order than their yards can accommodate. The Government's "scrap and build" plan is at last beginning to be reflected in the work of the Clyde, as five cargo vessels have been placed recently under that scheme. The Clyde yards now have over 300,000 tons of merchant shipping on the stocks, excluding the "Queen Mary" and other vessels fitting out. There is also a large amount of naval work on hand, sixteen vessels of various classes being under construction.

Metal and Hardware Trades

Birmingham.—Conditions in the brass and copper section are still fairly quiet, but prices tend to harden. Export trade is well maintained. The hardware and hollow-ware trades are also busy.

Sheffield.—Business in the cutlery, E.P.N.S. and sterling silver sections is irregular and on the whole quiet. Large quantities of cheap knives and spoons and forks are being produced, and there is evidence that stainless steel is being adopted in place of silver-plate, particularly for hotel and restaurant use. Business in safety razors, safety-razor blades and scissors remains brisk.

Wolverhampton.—The hardware trade has steadily improved. Business in the lock industry is firm for good quality products. Aluminium and enamelled ware is in good demand.

Cotton

Liverpool.—There has been a fair demand for spot cotton during the past month, though not on as broad a basis as prevailed during the preceding three months. On the "futures" market prices have declined by 10 to 20 points for American cotton, and by almost 100 points for Sudan Sakellaradis. The decline in the price of American may be attributed almost entirely to political influences in America, where there is still no indication of the Government's intentions regarding the Supreme Court's decision. In the Producers' Pool and the 12 Cent Loan the United States Government control almost 6,000,000 bales of spots and "futures," and, until their intentions regarding this cotton are known, trading is bound to be restricted. Another unsettling influence is the possibility of increased acreage being sown to cotton next year, and regarding this there is also no news of the Government's intentions. In the meantime, owing to a large proportion of the 1935 crop having been of poor quality, there is a shortage of desirable American cotton in Liverpool, and this shortage is likely to become acute during the next few months unless Government-controlled cotton is made available. A move in this direction has been the recent sale of 100,000 bales of spot cotton by the Producers' Pool, and further sales are considered likely. A restricted demand from spinners of fine counts has now eased the tight spot and contract position of Sudan Sakellaradis, to which attention was drawn last month, and considerably lower prices have resulted. Manchester reports a quiet tone and a fair cloth enquiry. Sales, however, are restricted, as many buyers are afraid of lower prices.

Wool

Bradford.—The price of wool remains firm, but top makers have great difficulty in obtaining the recently quoted prices. Spinners appear well supplied and are only buying when forced into the market.

Huddersfield.—Trade continues to be maintained at a good level. Most of the woollen mills are running to full capacity, and the recent improvement in the worsted section is being held. Repeat orders, however, have not been quite up to manufacturers' expectations, and the textile trade is largely dependent on the home market. There is, however, a general feeling of confidence.

Hawick.—The tweed trade with Central Europe and America is showing some improvement, but merchants are still ordering sparingly and looms are not fully employed. Manufacturers are busy on knitted woollen goods, but the underwear trade is dull except in finer qualities. Spinners are quiet. Wool prices are maintained at their recent high level.

Other Textiles

Dundee.—There is a complete lack of business in the jute trade. Prices have fallen, and it has been found necessary in some cases to stop machinery. The delay in reaching an agreement between the Indian Mills Association in Calcutta and the non-members' mills on the subject of working hours is largely the cause of this unfortunate state of affairs.

Dunfermline.—Conditions in the Fifeshire linen trade remain fairly steady. Manufacturers are moderately well employed as a result of forward sales, but orders at present are mostly for small quantities, and prices show little change. With reports of large sales by the Soviet, the new flax position becomes more uncertain than ever. Spinners are showing a little more interest in the fibre, but both wet and dry spun yarns are still only selling slowly.

Clothing, Leather and Boots

Leeds.—As is usual at this season, clothiers are very well employed. They are likely to remain busy for the next few months.

Leicester.—Boot and shoe production is fairly well maintained for the time of year, and business has improved, though

export trade is poor. Buyers are not booking more than their immediate requirements, but prospects are on the whole encouraging. Home trade in fancy hosiery is good, and export trade a little better than a year ago. Other sections of the hosiery trade are quiet.

Northampton.—In the boot and shoe trade most factories are fairly well supplied with orders for immediate delivery, and some overtime is being worked. Prices are already being raised in some lines. Leather prices remain very firm, and some delay is reported in obtaining delivery of bends already on order.

Shipping

Hull.—Tonnage is in limited demand, and rates are barely steady for all directions.

Liverpool.—Outward coal freights are easy, and chartering is limited. Homewards from the River Plate chartering is slack, and rates are unchanged at schedule figures. The North Pacific is easier at 18s. to 19s. for wheat cargoes from Vancouver to the United Kingdom and the Continent. Elsewhere rates are unchanged.

Newcastle-upon-Tyne.—Chartering is very slow indeed. Orders in every direction are scarce, and rates are moving in favour of shippers.

Cardiff.—The freight markets are easy owing to the decreased export demand for coal and consequent reduction of tonnage requirements. There is no sign of any improvement at present.

Newport.—Freight rates fell slightly during January, and there is more than enough tonnage available for charterers' requirements. One foreign ship, which has been laid up for the past two years, is now undergoing extensive alterations in one of the local dry docks, and there is therefore only one ship now laid up in the port.

Swansea.—Very little business has offered for the Mediterranean or the Bay. The coasting market has also been extremely quiet, and rates have eased considerably. Unless a better enquiry develops rates will probably decline further.

East of Scotland.—There were over twenty vessels on loading turn at the Forth coaling ports at February 19th, mostly at Methil. Leith dock trade for January showed

increases in a number of the principal exports and imports compared with a year ago. Exports of cargo coal, in particular, increased substantially. The freight market continues short of prompt business, and quotations are easy.

Glasgow.—Business in the coal freight market is still very restricted. Enquiries for tonnage are scarce in all sections for both prompt and forward loading. Boats are offering freely and the tone is distinctly easy, but rates are not being subjected to a thorough test.

Foodstuffs

Liverpool, grain.—The wheat market has been inactive and dull, owing to increasing selling pressure by Canadian and Australian shippers. Liverpool "futures" have declined in price throughout the month and are now 6d. per cental lower at 6s. per cental for March "futures." The statistical position is not now quite so bullish as it appeared some months ago. While shipments from the Argentine are negligible, the absence of demand from the Far East has brought larger supplies of Australian wheat on the market. In addition, it is reported that 300,000 tons of wheat are being made available for export by the Portuguese Government. Canada is still a free seller. In the early part of the month the Canadian Wheat Board issued a statement to the effect that a letter sent by one of their representatives informing millers that they were prepared to lower prices in order to obtain business had been misread, and that it was not the intention of the Wheat Board to sell at other than fair market prices. Reports on the condition of winter-sown wheat in the Northern Hemisphere are generally good. Italian and Russian crops have suffered damage in the recent severe cold weather, and Spanish and French crops have been injured by excessive moisture. There has been a fair trade in maize at unchanged prices.

Liverpool, provisions.—During the month Continental bacon remained firm at higher prices, mainly due to a shortage of English cures. Both American hams and lard were quiet and prices easier. Continental butter proved scarce, owing to large European buyings, showing a considerable advance in prices; but Empire makes were in fair supply with prices good and continuing steady. The supply of cheese was regular, demand quiet and prices practically unchanged. In

the canned goods section, meats were firm and in good request, but the demand for fruits was slow with a consequent slight drop in prices.

Fishing

Brixham.—Sail trawlers were held in port by the January gales for half the month, and the total landings were consequently below average. A few motor trawlers landed good catches. Prime fish was scarce. Prices generally were well up to average.

Penzance.—There was practically no fishing during January, owing to the very severe weather which kept the boats in harbour.

Scotland.—The herring fishing at the mouth of the Forth is being actively pursued at Anstruther and other ports, but results, so far, have proved disappointing and prices have ruled high. At Stornoway and other ports on the West Coast some good catches have been landed, but only very intermittently. Landings at the line-fishing round the coasts have been light generally, and many of the boats have shown only meagre net returns.

Other Industries

Carpet-making.—Kidderminster reports that the carpet trade continues good generally. Spool and Jacquard Axminster qualities are in great demand both for piece-goods and squares. Demand for chenille carpets is not very brisk, and Wilton weavers are mostly quiet. Australian orders are plentiful, and manufacturers are making special efforts with regard to their delivery. New Zealand trade is fair. Orders from Scandinavia and Holland would be more plentiful if increased quotas could be obtained. Stocks there are very low, and dealers say that they could order freely if they could obtain additional import licences. This matter is being taken up very strongly with the Board of Trade.

Paper-making and Printing.—The paper mills round Edinburgh are a little busier, and many are now working a six-day week. The Edinburgh printing trade, particularly in the machine rooms, is not quite so active as of late, but is in quite a healthy condition.

Pottery.—Longton reports that the export figures for January show a small decrease compared with the corresponding month last year. Home trade is regarded as satisfactory, and it is hoped that good orders will result from the British Industries Fair. The operatives have given notice to the employers of their demand for an all-round increase in wages.

Timber.—The chief interest to Hull importers during February was the Russian counter offers, which were received about the middle of the month. These offers were left firm with buyers for three days. All those who sent up reasonable specifications have accepted shippers' counter proposals; even so the quantity of contracts to the Humber must be reduced to nearly half its normal size, which should assist those who are fortunate enough to receive large specifications to make good profits. The position is now much clearer, and with a very large buying power left on the Humber, sales from Scandinavia should increase. The spot market remains inactive, mainly owing to the recent severe weather.

Pitwood imports at Newport totalled 13,000 loads in January, compared with 7,500 loads in December, and 13,300 loads in January, 1935. France was the principal source of supply with 11,250 loads. Other timber imports amounted to 1,400 standards, against only 540 standards in December and 3,319 standards in January last year.

Overseas Reports

Australia

From the National Bank of Australasia Limited

Further progress in secondary industries is indicated by increased employment, greater building activities, and by the buoyancy of the wool market. Widely distributed summer rains in the Eastern States and South Australia have greatly improved conditions in pastoral districts, have promoted butter production and have assisted fruits and minor crops. The wheat yield is little above that of last year, but the quality is high, and about two-thirds of the export surplus is already committed.

Canada

From the Imperial Bank of Canada

There are continued indications of an upward trend in business. Increased activity in the mineral industry, expanding exports of lumber to the British market and the East, a better market for newsprint, the partial liquidation of the wheat surplus at higher prices, and rising prices for livestock and other farm products, have all contributed during 1935 to swell the national income. The expansion in purchasing power has extended beyond the consumption industries and the automobile industry, to the heavy industries, including building and construction, which for the month of January showed an increase of more than 30 per cent. compared with a year ago. Employment has shown a seasonal contraction since the beginning of the year, but this is smaller than usual. Export trade, which has been one of the fundamental factors in the recovery, is expected to expand further as a result of the new Trade Treaty with the United States, particularly as regards lumber and farm products. Public finance continues to be a serious problem. The necessity for balancing budgets and cutting down relief expenditures is being emphasised by leaders in business and public life. The annual reports of the Chartered Banks show restricted commercial loans and larger investments in public securities, with the result that it has been difficult to maintain earnings. Substantial funds await employment under normal conditions. Capital is apprehensive of increased taxation as

the result of debt burdens and unbalanced budgets, and also of enforced conversion or repudiation, which is being irresponsibly advocated by some politicians.

India

Bombay.—During January it became increasingly clear that Indian cotton was losing touch with foreign and domestic demand owing to its relatively high price. The United States Supreme Court's A.A.A. decision, and doubts about the effective control of new acreage in the United States, led to heavy speculative selling, which was accelerated by increased weakness in foreign markets. This caused a substantial adjustment in parity differences, and stimulated demand from abroad. Demand by Indian mills has not been substantial. The piece-goods market has been quiet, with prices steady at the prevailing low levels. Business in both British and Japanese goods has been unsatisfactory, while local goods have only sold in moderate quantities. Though stocks of British yarns are low, business has been negligible. Demand for both Japanese and local yarns is weak, and with stocks in Japan increasing, easier prices are expected.

Calcutta.—Demand for loose jute has been negligible, but sellers, on account of firm up-country markets, showed no keenness to discount. In the baled jute section, rates steadily declined owing to the pressure of " bear " speculators in the " futures " market and lack of support from export centres. The market closed dull and easier. The tea market opened very strongly after the Christmas vacation, as it was announced that there would be no additional released tea for export during the current year. The subsequent fall in price was due to the seasonal decline in quality.

Rangoon.—The rice season is now open, but never has less business been done. Paddy is out of parity with white rice, and selling is impossible. European demand is turned away by the high price of Burma rice, and is being met by Saigon and Bangkok, who, in view of China's inability to purchase, are seeking other markets. Unless new business is forthcoming, Burma, with a bumper crop, will be left with an immense quantity of paddy and no outlet for it. The European demand for timber remains fairly steady, though at the beginning of the month there was a slight falling-off due to the holiday season. The Indian market was inclined to be

dull. Auction prices for round logs remained steady. The hardware trade is affected by heavy stocks, and by a consequent shortage of money, but an increased up-country demand is reported which should soon be reflected in Rangoon.

Irish Free State

Owing to unusually severe weather conditions outdoor work has been considerably retarded, and as grazing was almost impossible, an unusually heavy demand was made on fodder for outlying stock. Supplies, however, proved ample, and there is no reason to fear a shortage later on. A heavy demand for seed potatoes has virtually cleared stocks ; demand for sound tubers continues. The yield of turnips is well over average. The provincial fairs held in January were well supplied with all classes of stock. The new Trade Agreement with Great Britain, though moving in the right direction, will not be received with enthusiasm. The reduction of the duties on certain imports into Great Britain coincides with the cancellation of the Free State Government's bounties on these exports, so that the farmer is left virtually as before. The Agreement guarantees to Great Britain imports of coal into the Free State amounting to 3,000,000 tons, while in return duties on imports into Great Britain are reduced by amounts varying from 20 to 50 per cent.

France

From Lloyds & National Provincial Foreign Bank Limited

The foreign trade returns for January, compared with December and January of last year, are summarised below. There has been a substantial increase in imports of raw materials :—

		Differences as compared with	
	Jan., 1936 Frs. mill.	Dec., 1935 Frs. mill.	Jan., 1935 Frs. mill.
Imports—			
Foodstuffs	564	− 39	− 45
Raw Materials	1,169	+138	+ 174
Manufactured articles ...	293	− 7	− 51
Total	2,026	+ 92	+ 78
Exports—			
Foodstuffs	191	− 31	− 43
Raw Materials	330	− 22	− 73
Manufactured articles ...	684	− 26	− 124
Total	1,205	− 79	− 240

Political interest since the formation of the Sarraut Government has centred on internal affairs and the dissolution of the Royalist Leagues. The Bourse has been quiet, the deciding factor being the uninterrupted rise in commodity prices.

Bordeaux.—The situation in the wine trade is unchanged, and business remains very quiet. The resin market is somewhat uncertain, with a tendency to lower prices.

Le Havre.—Coffee prices steadily advanced during January in a busy "futures" market, due largely to speculative interest aroused by favourable Brazilian reports. The advance has not been held, and prices are at present barely steady. Demand from the interior upon the incidence of colder weather has been satisfactory. Cotton prices have fluctuated within narrow margins in an active, but irregular market. The undertone is nervous as a result of political and currency uncertainties in the United States. Demand from the mills has continued good. Stocks of American cotton at Le Havre have recently increased, but stocks afloat were less than in January.

Lille.—Business in the cotton trade is quiet, but the earlier improvement continues. Arrivals of raw materials show a welcome upward trend, which is regarded as a hedge against future possible currency movements. Stocks of yarn are low, and activity has been created by an export demand from the Far East, notably from Indo-China. Competition is keen and profit margins are small, but most firms are well occupied. Unemployment continues to decrease slowly. The flax industry shows no improvement. Attempts at wage reductions are being resisted by the workers, in some cases by strikes. Raw material prices continue too high, and local spinners are turning to other fibres. Thread-makers continue to do fair business.

A local tramway strike, lasting a month, has now ended, after having caused considerable inconvenience.

Roubaix.—The expected revival did not materialise to any large extent, and business in tops and noils is very quiet. Prices are steady, but below prices outside the country. Fair weights of wool have arrived and combers have more work in hand than before, but prospects are poor, and it is expected that short time will be worked during the next few months. Spinners report a falling-off in orders. The demand

for hosiery yarn is especially poor, but business in manufacturing yarns is a little more satisfactory. Demand for men's suitings is still good, but trade in other cloths is poor. It would appear that the slight revival in the textile industry which made itself felt a few months ago is dying away. There has recently been a slight increase in unemployment.

Belgium

From Lloyds & National Provincial Foreign Bank Limited

Antwerp.—Commercial markets are extremely quiet, but both rail and sea-borne traffic show an increase. The volume of business in cereals has decreased considerably with the exception of maize, which shows an improvement. The tendency of the wool market is good. Stocks of tops have been reduced to 700,000 kilos., the lowest figure for three years. Conditions in the diamond trade remain satisfactory. The Stock Exchange continues to be active, and there has been a noticeable improvement in the prices of Belgian Government bonds as well as those of various industrials, such as colliery and electricity shares.

Brussels.—The position of the iron and steel trades is more favourable and the tendency satisfactory, export sales having improved. Important orders for semi-finished products continue to be received from Great Britain. Strong competition from Russia is being met with in the Near East, and from Japan in the Dutch Indies and Siam. Belgian and Luxembourg producers of steel have raised their prices by Frs.50 a ton, except for semi-finished products, where the increase is from 15 to 25 francs a ton. The slightly better demand for domestic qualities of coal is not likely to be maintained in view of the lateness of the season. The demand for industrial qualities is still very keen, sales having continually increased since the beginning of the year. Although the production for January was higher by 246,000 tons, it was entirely absorbed.

Germany

Considering the time of year, the changes in the German economic situation have continued to be small. Most industries are still engaged on Government undertakings, which guarantee activity for some time to come, so that the

slowing down of the rate of distribution of new State contracts is not disquieting. The Government, not unnaturally, is unwilling to extend the credit basis of its programme. It is rumoured in this connection, that ordinary receipts will in future be used by the State to a greater degree for this purpose.

A favourable factor in the situation is the very slight increase in unemployment in January—from 2,508,000 in December, to 2,520,000. Another unusual phenomenon is the continued liquidity of the Money Market. Stock Exchange prices have benefited from the fact that improved earnings are being used by many firms not only for the repayment of debt, but also for the purchase of shares. This procedure indicates that industry has little need for private capital, except in so far as it is required to carry out State contracts. This cautious policy is connected, directly or indirectly, with the difficulty of obtaining raw materials. In freeing foreign exchange for the purchase of raw materials, preference is given to supplies required to fulfil Government orders. Beyond that, firms can never be certain whether foreign exchange will be available to buy the raw materials they need for utilising new plant and equipment. The use of Clearing or Compensation arrangements is usually even more unsatisfactory, as the country of supply cannot be selected with any regard to prices. For this reason the German production position is not comparable with that of other countries. As may be seen from the geographical distribution of her overseas trade in 1935, Germany was forced to import from those countries which would take her goods. Nevertheless, the 1934 import surplus has been turned into an export surplus and the total trade turnover has remained almost unchanged. Nevertheless, as the following table shows Germany has only established equilibrium on the basis of a trade turnover far below her real needs. Moreover the present rigidly regulated system of import and export trade involves her in serious additional costs.

Overseas Trade, 1929–1935.
Rm. millions.

	Imports.	Exports.	Balance.	Total Turnover.
1929 ...	13,447	13,483	+ 46	26,930
1930 ...	10,393	12,036	+ 1,642	22,429
1931 ...	6,727	9,599	+ 2,871	16,326
1932 ...	4,667	5,739	+ 1,073	10,406
1933 ...	4,204	4,871	+ 668	9,075
1934 ...	4,451	4,167	— 284	8,618
1935 ...	4,159	4,270	+ 111	8,429

The January figures of Rm.364 million imports and Rm.382 million exports—an export balance of 18 million reichsmarks—are taken as a good omen for the New Year, considering the usual tendency to a passive balance.

Holland

Recent company reports are not entirely unfavourable, but the general trade situation still shows little improvement, and unemployment has a tendency to increase. It is arguable that this increase to some extent reflects the rising trend of the population, but one untoward consequence is an addition to the cost of unemployment relief. It is not easy to find opportunities for unemployment relief works of a kind which are economically justified, and even when such works are put in hand, they provide little immediate relief. Thus, although the whole of the Fl.60 millions in the Work Fund, established for this purpose, has already been allocated, only Fl.10 millions has so far been actually spent.

It is freely recognised that Holland's main hope lies in the revival of international trade, and opportunities for concluding trade agreements with foreign countries are being sought. In a few months' time it is intended to send a commission to South America in order to explore the ground and prepare the way for new Trade Agreements. The development of international trade is of great importance to the Dutch East Indies. There the recent reduction of the American import duty on tobacco has proved helpful. Furthermore, one of the East Indian shipping companies has placed an order for a ship costing Fl.3 millions with a German shipyard, and in return Germany is permitting the importation of tobacco up to the same value. There is little hope of the conclusion of an international sugar convention, so long as sugar is subsidised in so many countries, but an agreement has been reached in Java for the closing during 1936 of all but 37 of the 185 sugar mills.

Shipping reports from Amsterdam and Rotterdam are not too favourable, but a few of the companies are getting better cargoes, possibly as an indirect consequence of the Italo-Abyssinian war. Some of the companies have reorganisation plans in view. The Stock Exchange has become rather more cheerful. The Netherlands Bank has recently been gaining gold, and money is easier. The mortgage bonds

of mortgage banks have recently shown some hesitancy, as a Bill to lower fixed charges is shortly to come before Parliament. This would fix the maximum interest rate on mortgages at 4¾ per cent. and on mortgage bonds at 4 per cent. As a precautionary measure most of the mortgage banks are at the moment paying no dividend.

Norway

Foreign trade returns for January show an import surplus of Kr.8·6 millions, against Kr.7·2 millions at the end of January, 1935. Imports for the month were Kr.64·1 millions and exports Kr.55·5 millions. A table is given below illustrating the relative importance of the different countries, both as suppliers and customers, during 1935 in comparison with 1934. The figures are percentages of the total Norwegian imports and exports, and so show each country's share in Norway's foreign trade :—

	Imports.		Exports.	
	1934 %	1935 %	1934 %	1935 %
Great Britain and Northern Ireland	22·9	23·4	24·3	27·3
Germany	19·1	17·3	13·7	13·1
Sweden	10·9	10·6	7·5	8·8
U.S.A.	8·6	8·8	9·6	10·2
Denmark	5·7	6·5	4·0	4·2
France	3·1	4·1	4·7	4·9
Belgium	3·3	3·5	3·1	2·8
Netherlands... ...	3·4	3·4	3·4	2·5

Between 1934 and 1935 imports from Great Britain rose from Kr.168·8 millions to Kr.191·8 millions, and exports to Great Britain from Kr.140·3 millions to Kr.164·9 millions.

During January the quantity of laid-up tonnage rose from 28 vessels of 69,480 tons d.w. to 60 vessels of 207,593 tons d.w. Most of the idle vessels are normally employed in European trade.

The wholesale price index remained the same as last month at 131 (1913=100), and the cost-of-living index was also unchanged at 153 (July, 1914=100). Recent industrial production indices are shown below (first half of 1933=100).

	Export Industries.		Home Industries.		All Industries.	
	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.
1933 ...	112	108	106	104	108	105
1934 ...	110	115	111	105	111	109
1935 ...	126	112	120	117	122	116

The index number for the whole year 1935 is computed at 111, or 4·9 points higher than in 1934.

An agreement has been reached to regulate the output of sulphite pulp in accordance with demand, to remain in force until the end of 1938. The export quota of each country has been fixed, and production will be divided in proportion to each country's capacity. The 1936 demand has been assessed at 2,350,000 tons, equivalent to 75 per cent. of productive capacity.

A new Trade Agreement, containing certain modifications, has been signed with Denmark. According to Press reports a new Trade Agreement with France has also been signed. This is mainly a prolongation of the old agreement, but Norway has not had to concede any further compensation purchases of French goods.

A few weeks ago the Government successfully floated through a Swedish consortium a 3½ per cent. loan of Kr.20 millions, at an issue price of 96½. The loan is repayable in the course of 15 years, and carries the right of conversion at the end of five years. The Government has also arranged a new loan in New York for the conversion of the 6 per cent. 1922 dollar loan. The new loan is for $17 millions at 4½ per cent. The issue price has not been disclosed. These terms are considered favourable.

Sweden

Timber sales are now more satisfactory with England and Spain the biggest buyers. Sales to Germany are restricted by the Exchange clearing agreement. Numerous enquiries have come from Holland, but little has been heard from Denmark or Belgium. Exporters are now engaged in completing the shipment of their 1935 contracts. Sales for the current year up to the middle of February amounted to about 300,000 standards.

The chemical pulp market is very firm. Already 90 per cent. of the current year's estimated output of sulphate pulp has been sold, and also 45 per cent. of the 1937 output. Makers of sulphite pulp have sold 75 per cent. of this year's production and have also concluded substantial contracts for 1937. Prices are beginning to harden. Turnover in mechanical pulp remains limited and prices are unchanged.

The paper market has reacted after its New Year activity. Mills, however, are well supplied with orders, and fresh contracts are still coming in. Consumption of newsprint is undoubtedly increasing both in Europe and America. Prices are firm. Sales of Kraft paper declined at the beginning of February, but certain overseas markets have begun to show interest and several substantial contracts have been concluded. Sulphite paper mills, too, have many orders on hand. Prices have risen by about 20 shillings per ton, as the costs of production have tended to increase. The market for printing and writing paper is weak, notably as regards export business, where strong competition from Germany is being experienced.

Conditions in the iron market continue good, but with a slightly quieter tendency. The rise in foreign makers' quotations for ship-plates should give the Swedish ironworks a stronger hold over their own home market.

Denmark

A new Trade Agreement has been concluded with Germany. The details are not yet known, but the 1935 quota of exports of Danish agricultural products will be considerably increased, and in return Danish imports of German industrial goods will also be increased. The Exchange clearing system will be maintained. The negotiations with England with regard to a new Trade Agreement will commence on March 2nd and are expected to be of rather long duration.

It has now proved impossible to obtain the necessary political support for the loan for the building of two new liners for use on the Copenhagen—New York passenger route. In consequence all sailings on this route will be given up, and the only ship left will be offered for sale.

The company reports for 1935 show that industrial undertakings have had a year of progress and increased profits, leading in many cases to increases in dividends. As is usual at this time of the year, the labour agreements have come up for revision, and direct negotiations between employers and workers have again failed. The matter is now in the hands of the permanent Arbitration Court, but the outcome is uncertain. Unless an agreement is reached soon, a lock-out comprising more than 100,000 workers will be declared.

Agricultural prices have lately been improving, and British demand for Danish butter has expanded as a result of

smaller arrivals from the Dominions, while German purchases have been increased under the new Trade Agreement. The minor markets, notably France, are also buying more. Egg prices have become firmer as the result of the recent cold weather. Bacon prices have lately risen from Kr.164 to Kr.176 per 100 kilos., under the influence of a more active demand. In all three cases prices are higher than a year ago.

Switzerland

From Lloyds & National Provincial Foreign Bank Limited

The balance sheet of the National Bank has recently been published. Treasury bills of the Municipalities discounted have increased from Frs.4 millions at the end of December, 1934, to Frs.114 millions at the end of 1935. During the year the Bank has put 744 millions of gold francs at the disposal of the market. It is impossible to determine how much of the gold lost was connected with the repatriation of foreign capital or the conversion of Swiss capital into other currencies. In 1931 and 1932 there was an enormous influx of gold, and the gold reserve at one time exceeded Frs.2,600 millions. It now stands at Frs.1,396 millions. The trade returns for January are rather depressing. Exports for the month decreased by Frs.22·7 millions compared with December, being the lowest for a considerable time. Imports also decreased by Frs.37·6 millions. Conditions for winter sports improved greatly towards the end of January, and reports of the number of visitors at once became more favourable.

Spain

An interesting experiment in agricultural credit has been made in the olive-oil industry with the object of controlling seasonal price fluctuations. Although well-organised and normally able to finance its produce with some degree of certainty as to price movements, the industry has suffered from the slump in prices resulting from the wheat crisis and consequent heavy realisations of oil. Under the scheme borrowers who undertake that stocks pledged with the banks will be withheld from the market for periods of from three to twelve months, receive a graduated refund of interest ranging from 2 per cent. per annum for three months to 3½ per cent.

for one year. The scheme is voluntary, and risk of bad faith is covered by insurance. It has already met with success, for reports from Seville indicate that selling pressure has relaxed and that a better tendency in quotations is already in evidence.

Orange production for the 1934–35 season totalled 9,697,000 quintals against 9,671,000 quintals in the previous year. In view of the recent increase in acreage, this slight increase is regarded as unsatisfactory. The present season's crop is estimated at 8,960,000 quintals, the reduction being due to the late frosts in the spring of 1935.

The Minister of Finance announces that revenue for January shows an increase of Ptas.9·4 millions compared with January, 1935. Concentration on the problems of the clearing agreement with England has taken attention from the new commercial agreement, which should shortly be completed. As may be expected, the recent electoral campaign has had a depressing effect upon trade and industry.

Morocco

From the Bank of British West Africa Limited

Business during the past month in the French zone has continued quiet. Good rains have now fallen, and the prospects for next harvest have in consequence improved. The crop returns for 1935 included hard wheat, 377,900 tons; soft wheat, 167,300 tons; barley, 779,600 tons and maize, 139,300 tons. Last year's crops were only about half that of 1934. Provisional trade figures show that the total imports into the French zone for 1935 reached 843,200 tons valued at Frs.1,138·1 millions. Compared with 1934 these returns show a falling-off of 36,750 tons and Frs.180·5 millions, or approximately 13·75 per cent.

Exports in 1935 reached 2 million tons valued at Frs.627·2 millions, which compared with 1934 shows a fall in value of Frs.40·1 millions, in spite of an increase of 37,709 tons. The result for 1935 is, therefore, an appreciable improvement in the trade balance of the French zone as compared with the previous year, the deficit being Frs.511 millions, against Frs.652 millions in 1934. Japan again increased the value of her imports from Frs.107 millions in 1934 to Frs.114 millions in 1935, but England continues to lose ground.

British imports into the French zone during 1935 totalled 78,700 tons valued at Frs.49 millions, against 99,000 tons valued at Frs.59 millions in 1934, but purchases from Morocco have increased to 103,900 tons valued at Frs.30·8 millions in 1935, against 99,700 tons valued at Frs.23·8 millions in 1934.

Four thousand four hundred and nine motor vehicles were registered in the French zone during 1935, of which 2,877 came from the United States, 1,224 from France and only 82 from England, including 54 motor-cycles. The season for the export of early spring vegetables (chiefly to France) is now in full swing. Tourist business has been good, with a marked increase in English visitors.

The United States

The political situation is not easy to appraise. The passage of the Veterans' Bonus Bill over the President's veto, and the Supreme Court's abrogation of all processing taxes, have rendered it imperative for the Treasury to find fresh sources of revenue. It is doubtful if new taxation will be imposed, or what form it will take. These doubts provided an opportunity for fresh propaganda in favour of inflation, and occasioned considerable uneasiness reflected in a weakening of the dollar. Gold exports, for which permission was quickly given, created a good impression, while the Tennessee Valley Administration judgment of the Supreme Court in favour of the Administration removed a further cause of uncertainty. Apprehensions of the future, however, are not entirely at an end.

Business has improved slightly since January, while the stock markets have been strong and active. Prices, in both the stock and commodity markets, show little change, so that the inflation talk is not having much effect inside the country. Motor production has recently slowed down, as the problem of disposing of used cars is again becoming insistent.

The raw sugar market is firmer, but demand is not particularly heavy. Local refiners have recently reduced their prices from 4·75 cents to 4·65 cents per lb. Copper producers have continued to maintain their price of 9¼ cents per lb. for copper, but business fell away early in February and European demand has also sagged. There has also been some easing in the other non-ferrous metal markets.

In the iron and steel trades 117 blast furnaces were working on February 1st. The daily production of pig-iron averaged 65,351 tons in January, against 67,950 tons in December. The steel trade is fairly stable. Motor-car makers are taking less steel, but the railways are beginning to take more. There is a better demand for fabricated structural steel, but the tinplate section is slower than is usual at this time of year.

In early February the raw cotton market was very uncertain. No one knew how the Government was going to deal with the cash loans which matured on January 31st, and which are still outstanding. Nor was it known what control will be imposed by the new agricultural legislation now under consideration. In the South, preparations for the new crop were brought to a standstill by floods, snow, and frost. In the textile industries the production of cloth remains appreciably above current demand. Dealers in cotton cloth were awaiting the price readjustments necessitated by the invalidation of the A.A.A., and were also afraid that legislation might be passed imposing retro-active taxation. All this has helped to restrict business.

South America

Brazil.—The new Trade Agreement with the United States, ratified last year, has lately come into force. Under this, each country engages to extend unrestricted and unconditional most-favoured-nation treatment to the other. A mission has been sent to Europe to propose certain revisions in the commercial treaties now in force. The Brazilian Government will in due time denounce all existing agreements signed before January 1st, 1934.

Last year's optimistic forecasts of the cotton crop have not been confirmed, for there was a set-back in the yield of the Northern States. Exports of raw cotton for the first eleven months of 1935 were 127,440 tons, against 110,310 tons in the previous year. Their value was 602,150 contos (or £4,869,280 gold), against 491,850 contos (or £3,995,360 gold) for the first eleven months of 1934. Two million acres are under cultivation during the current season.

Chile.—The Caja Antonoma de Amortizacion announces that during 1935 $U.S. 4,128,251 became available for the service of the foreign debt. Half this sum will be applied to

the payment of interest at the rate of 4¾ per mille on the nominal value of the debt, and the remaining half has been used for the redemption of bonds to the nominal value of $U.S. 14,674,000 and £14,020. There still remain in circulation bonds for £29,587,000, $U.S. 249,456,000 and Swiss Frs.119,635,000. The sales tax of 2 per cent. has now been increased. Imports will bear a special tax of 5 per cent. on the c.i.f. value of the goods, while home manufacturers will also pay 5 per cent. on all goods produced. Coal will be taxed at 1 per cent., and interest, premiums and commissions at 2½ per cent. Certain goods are exempt from the tax on imports or home manufactures. The trade returns for the first eleven months of the past two years are given below.

	1934	1935
	(In millions of pesos of 6d.)	
Imports	208·5	272·7
Exports	433·5	431·7

There was a big increase in 1935 in imports from Germany, and lesser increases in those from Great Britain, Japan and the United States. This year's cereals yield should be good, but harvesting has been delayed by continuous rains in the South. There should be a surplus of wheat available for export.

*** Further information regarding trade conditions in South America will be found in the *Monthly Review*, published by the Bank of London & South America, Limited.

Statistics

BANK OF ENGLAND

Issue Department

	Note Circulation.	Govt. Debt.	Other Govt. Securities.	Other Securities.	Silver Coin.	Fiduciary Issue.	Gold.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
End March, 1929	361·8	11·0	235·2	9·0	4·8	260·0	133·3
„ „ 1930	352·3	11·0	233·0	11·5	4·5	260·0	155·1
„ „ 1931	357·1	11·0	232·0	12·9	4·0	260·0	144·5
„ „ 1932	360·5	11·0	240·9	19·3	3·8	275·0	120·8
„ „ 1933	367·1	11·0	249·9	10·5	3·6	275·0	171·8
„ „ 1934	378·8	11·0	245·4	0·1	3·5	260·0	191·1
„ „ 1935	381·4	11·0	246·7	0·2	2·1	260·0	192·5
Feb. 19, 1936	396·9	11·0	245·6	2·2	1·1	260·0	200·6
Feb. 26, 1936	399·9	11·0	245·8	2·1	1·1	260·0	200·6

Banking Department

	Public Deposits.	Bankers' Deposits.	Other Deposits.	Govt. Securities.	Discounts and Advances.	Other Securities.	Reserve.	Proportion.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	%
End March, 1929	19·7	58·2	36·4	50·6	13·0	17·1	51·9	45·4
„ „ 1930	18·8	54·9	35·9	44·8	6·1	13·3	63·7	58·1
„ „ 1931	17·2	58·8	34·7	30·3	24·6	25·7	48·3	43·6
„ „ 1932	27·2	54·6	34·4	35·7	11·7	51·1	35·9	30·9
„ „ 1933	21·2	92·8	35·0	57·7	11·8	17·2	80·6	54·0
„ „ 1934	17·5	94·5	36·9	77·1	5·6	11·0	73·4	49·2
„ „ 1935	20·1	96·6	41·2	87·6	5·6	11·4	71·7	45·3
Feb. 19, 1936	11·1	107·6	36·0	78·7	11·7	18·1	64·4	41·6
Feb. 26, 1936	8·8	106·2	35·5	82·1	11·0	14·1	61·5	40·8

LONDON CLEARING BANKS (monthly averages)

	Deposits.	Acceptances, Guarantees, etc.	Cash.	Balance and Cheques.	Call Money.	Bills.	Investments.	Advances.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
March, 1925	1,643·5	113·9	190·2	51·1	111·7	205·1	299·4	857·1
„ 1929	1,776·6	222·1	187·8	52·7	136·1	216·6	258·9	995·9
„ 1930	1,719·3	159·3	184·4	51·3	134·7	183·6	240·4	990·8
„ 1931	1,763·9	121·5	184·0	43·5	114·1	240·4	311·1	936·1
„ 1932	1,676·4	98·7	174·0	43·4	112·5	216·8	281·9	902·1
„ 1933	1,925·2	95·8	207·0	40·1	108·7	348·1	510·2	766·2
„ 1934	1,830·6	112·8	218·9	43·5	120·4	202·1	547·1	753·0
„ 1935	1,923·3	117·7	214·0	43·6	133·4	207·0	614·4	766·8
Dec., 1935	2,091·3	100·6	220·7	60·8	159·0	322·0	605·1	778·8
Jan., 1936	2,164·2	105·7	227·8	50·8	159·4	346·0	630·4	811·8

LONDON BANKERS' CLEARING HOUSE RETURNS

	Town Clearing.	Metropolitan Clearing.	Country Clearing.	Total.
	£ mn.	£ mn.	£ mn.	£ mn.
1925	35,801	1,678	2,958	40,437
1929	39,936	1,882	3,079	44,897
1930	38,782	1,812	2,964	43,558
1931	31,816	1,668	2,752	36,236
1932	27,834	1,610	2,668	32,112
1933	27,715	1,657	2,766	32,138
1934	30,740	1,760	2,984	35,484
1935	32,444	1,887	3,229	37,560
1935 to February 27 ...	5,381	310	518	6,209
1936 to February 26 ...	5,235	333	568	6,136
1935 February (4 weeks) ...	2,401	143	244	2,788
1936 February (4 weeks) ...	2,573	154	267	2,994

BANKERS' PROVINCIAL CLEARING RETURNS

	Mar., 1925.	Mar., 1929.	Mar., 1932.	Mar., 1933.	Mar., 1934.	Mar., 1935.	Dec., 1935.	Jan., 1936.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Birmingham	11·3	11·9	9·0	9·7	11·3	9·6	11·0	12·9
Bradford	—	5·9	3·4	3·3	4·2	3·8	4·4	4·5
Bristol	5·1	5·3	4·9	5·0	5·4	4·9	5·0	5·8
Hull	4·8	4·0	3·0	3·2	3·2	3·2	3·3	3·9
Leeds...	4·5	4·4	3·8	3·8	4·4	4·3	3·3	5·0
Leicester	3·6	3·6	3·1	3·1	3·3	2·8	3·1	3·8
Liverpool	42·5	34·2	25·6	25·6	26·8	25·8	25·6	27·7
Manchester	77·4	58·0	42·5	42·1	46·1	42·8	43·0	46·7
Newcastle-on-Tyne...	7·8	6·5	5·7	6·5	6·9	5·5	6·2	5·6
Nottingham	2·3	2·8	1·9	1·9	2·0	2·0	2·1	2·5
Sheffield	5·0	4·6	3·3	3·5	3·6	3·4	3·6	4·6
	164·3	141·2	106·2	107·7	117·2	108·1	110·6	123·0

LONDON AND NEW YORK MONEY RATES

	London.					New York.		
	Bank Rate.	Treasury Bills. Tender Rate.	Treasury Bills. Market Rate.	3 Months' Bank Bills.	Short Loans.	F.R.B. Re-discount Rate.	Call Money.	Accept-ances.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
End March, 1925	5	4 11/16	—	4⅝–4 11/16	3½–4¼	3½	3½	3⅜
" " 1929	5½	5 7/16	5⅜	5 5/16–5½	4½–4¾	5	15	5⅛
" " 1930	3½	2⅝	2 9/16	2 9/16–2⅝	2½–2¾	3½	3½	2⅞
" " 1931	3	2 11/16	2 9/16–2⅝	2 9/16–2⅝	2–2½	2	1½	1⅝
" " 1932	3½	2 3/32	1½	2½–2¾	2–3	3	2½	2⅝
" " 1933	2	13/16	9/16–⅝	⅝	½–1	3½	3	2⅝
" " 1934	2	13/16	⅞	15/16	¾–1	1½	1	⅜
" " 1935	2	½	½–11/16	9/16–⅝	½–1	1½	1	3/16
Jan. 22nd, 1936	2	17/32	½–17/32	17/32–9/16	½–1	1½	¼	3/16
Feb. 26th, 1936	2	17/32	½	17/32–9/16	½–1	1½	¼	3/16

FOREIGN EXCHANGES

London on	Parity (prior to Sept. 21, 1931)	1934. Feb. 28	1935. Feb. 27	1936. Feb. 5	1936. Feb. 12	1936. Feb. 19	1936. Feb. 26
New York—							
(a) Spot ...	$4·866	5·06⅜	4·76½	5·02⅛	4·99 7/16	4·98⅝	4·99 3/16
(b) 3 Months	—	⅛c. dis.	5/16c. pm.	7/16c. pm.	⅜c. pm.	11/16c. pm.	11/16c. pm.
Montreal ...	$4·866	5·09⅜	4·82½	5·01⅝	4·98⅞	4·99	4·96⅝
Paris—							
(a) Spot ...	Fr. 124·21	77 1/16	72 7/16	75	74⅞	74 11/16	74 11/16
(b) 3 Months	—	87½c. dis.	24½c. dis.	Fr.1 7/16 dis.	Fr.1½ dis.	Fr.1 5/16 dis.	Fr.1 5/16 dis.
Berlin—							
(a) Official ...	Mk. 20·43	12·78½	11·85	12·30	12·29½	12·28½	12·29
(b) Registered Marks	—	20½% dis.	40½% dis.	45% dis.	44½% dis.	45½% dis.	43½% dis.
Amsterdam ...	Fl. 12·11	7·53⅜	7·04	7·30	7·28⅞	7·27¼	7·27¼
Brussels ...	Bel. 35	21·73⅛	20·40	29·43	29·37	29·30	29·32
Milan	Li. 92·46	58 5/16	57 5/16	62 5/16	62½	62⅛	62⅛
Zurich ...	Fr. 25·22⅛	15·69⅜	14·70	15·17	15·14	15·10⅞	15·11⅛
Stockholm ...	Kr. 18·16	19·39	19·39⅝	19·39⅝	19·39⅜	19·39⅞	19·39⅞
Madrid ...	Ptas. 25·22⅛	37 11/16	34 11/16	36 5/16	36⅝	36 1/16	36 3/16
Vienna ...	Sch. 34·58½	28¾*	25½	26⅜	26⅛	26⅛	26⅛
Prague... ...	Kr. 164¼‡	122⅝	113 11/16	119⅝	119 5/16	119	119⅝
Buenos Aires ...	47·62d.	36⅛†	15†§	15†§	15†§	15†§	15†§
Rio de Janeiro...	5·89d.	4⅜†	4¼†	4¾†	4¼†	4¼†	4¼†
Valparaiso ...	Pes. 40	49·65†	92·10†‖	129†‖	130†‖	129†‖	128†‖
Bombay ...	18d.	18 1/16d.	18⅛d.	18⅛d.	18⅛d.	18⅛d.	18⅛d.
Hong Kong ...	—d.	18⅜d.	23 11/16d.	15¾d.	15¾d.	15¾d.	15⅞d.
Kobe	24·57d.	1/2 5/16	1/2 1/16	1/2	1/2	1/2	1/1 31/32
Shanghai ...	—d.	16⅜d.	19⅜d.	14½d.	14⅝d.	14 9/16d.	14 9/16d.
Gold price ...	per oz.	136s. 7d.	145s. 6d.	140s. 10d.	140s. 10½d.	141s. 0½d.	141s. 0½d.
Silver price ...	per oz.	12s. 5d.	27⅛d.	19 7/16d.	19 11/16d.	20 1/16d.	19⅞d.

* Nominal. † Official Rate. ‡ Kr.197·10, since devaluation of Kroner on February 17th, 1934.
§ Prior to January 14th, 1935, rates represent pence per gold peso, henceforward paper pesos to the £.
‖ Revalued on January 1st, 1935 ; export rate.

PUBLIC REVENUE AND EXPENDITURE

	1931–32.	1932–33.	1933–34.	1934–35.	1934–35 to Feb. 23	1935–36 to Feb. 22
REVENUE—	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Income Tax	287·4	251·5	228·9	228·9	188·5	193·3
Sur-Tax	76·7	60·7	52·6	51·2	37·8	35·8
Estate Duties	65·0	77·1	85·3	81·3	71·1	77·7
Stamps	17·1	19·2	22·7	24·1	18·3	18·9
Customs	136·2	167·2	179·2	185·1	166·3	175·8
Excise	119·9	120·9	107·0	104·6	97·2	98·7
Motor Vehicles Duties (Exchequer Share)... ...	5·0	5·0	5·2	5·1	5·0	4·8
Other Tax Revenue	3·2	3·1	2·6	3·1	1·1	1·1
Total Tax Revenue	710·5	704·7	683·5	683·4	585·3	606·1
Post Office	11·5	10·9	13·1	12·3	16·4	15·4
Crown Lands...	1·3	1·2	1·2	1·3	1·3	1·2
Receipts from Sundry Loans	13·8	5·1	4·7	4·4	4·3	4·9
Miscellaneous Receipts ...	33·9*	22·9	22·1	15·1	12·9	17·1
Total Non-Tax Revenue ...	60·5	40·1	41·1	33·1	34·9	38·6
Total Ordinary Revenue ...	771·0	744·8	724·6	716·5	620·2	644·7
Post Office	58·0	59·3	59·3	61·8	52·4	56·5
Road Fund	22·5	22·9	25·5	26·4	25·8	25·1
Total Self-balancing Revenue ...	80·5	82·2	84·8	88·2	78·2	81·6
EXPENDITURE—						
National Debt Interest ...	289·5	262·3	212·9	211·6	200·9	199·5
Payments to N. Ireland ...	6·3	7·0	6·6	6·8	5·0	4·9
Other Cons. Fund Services ...	3·1	3·3	4·1	3·6	3.0	3·0
Post Office Fund	—	—	—	2·3	2·3	1·1
Supply Services	439·2	458·3	458·8	472·2	421·5	444·9
Total Ordinary Expenditure ...	738·1	730·9	682·4	696·5	632·7	653·4
Sinking Fund...	32·5	17·2	7·7	12·3	8·6	7·3
Payments to U.S. Govt. ...	†	29·0	3·3	—	—	—
Self-balancing Expenditure (As per contra)	80·5	82·2	84·8	88·2	78·2	81·6

* Includes Appropriation from Rating Relief Suspense Account.

† Included under National Debt Interest.

PRODUCTION

	Coal.	Pig-Iron.	Steel.
	Tons mill.	Tons thous.	Tons thous.
Total 1913	287·4	10,260	7,664
„ 1925	243·2	6,262	7,385
„ 1929	257·9	7,589	9,636
„ 1930	243·9	6,192	7,326
„ 1931	219·5	3,773	5,203
„ 1932	208·7	3,574	5,261
„ 1933	207·1	4,136	7,024
„ 1934	221·0	5,969	8,850
„ 1935	222·9	6,426	9,842
January, 1935	20·5	521	758
January, 1936	21·6	595	912

BOARD OF TRADE PRODUCTION INDEX NUMBER (1930 = 100)

	Complete Year		1934	1935.			
	1934	1935	4th Qr.	1st Qr.	2nd Qr.	3rd Qr.	4th Qr.
Mines and Quarries	90·8	91·7	94·7	95·5	87·4	85·9	98·2
Iron and Steel	115·7	125·6	116·4	121·9	123·2	124·1	133·3
Non-Ferrous Metals	122·7	137·3	145·4	142·2	138·4	136·6	132·1
Engineering and Shipbuilding	94·0	104·7	102·4	105·7	103·6	102·3	107·3
Building Materials and Building	135·3	149·3	138·1	138·0	151·7	157·0	150·6
Textiles...	113·3	118·9	116·7	119·0	116·8	113·3	126·6
Chemicals, Oils, etc.	104·6	111·4	105·0	109·3	108·6	108·8	119·0
Leather and Boots and Shoes...	104·5	116·2	107·1	116·8	115·2	109·7	122·9
Food, Drink and Tobacco ...	101·8	106·8	107·2	98·2	107·3	108·4	113·4
Total *	106·1	113·5	111·9	113·1	111·5	110·8	120·5

* Includes paper and printing, gas and electricity, rubber, cement and tiles.

UNEMPLOYMENT

(a) Percentage of Insured Workers

Date.	1929.	1930.	1931.	1932.	1933.	1934.	1935.	1936.
End of—								
January	12·3	12·4	21·5	22·4	23·1	18·6	17·6	16·3
February	12·1	12·9	21·7	22·0	22·8	18·1	17·5	
March	10·0	13·7	21·5	20·8	21·9	17·2	16·4	
April	9·8	14·2	20·9	21·4	21·3	16·6	15·6	
May	9·7	15·0	20·8	22·1	20·4	16·2	15·5	
June	9·6	15·4	21·2	22·2	19·4	16·4	15·4	
July	9·7	16·7	22·0	22·8	19·5	16·7	15·3	
August	9·9	17·1	22·0	23·0	19·1	16·5	14·9	
September	10·0	17·6	22·6	22·8	18·4	16·1	15·0	
October	10·3	18·7	21·9	21·9	18·1	16·3	14·6	
November	10·9	19·1	21·4	22·2	17·9	16·3	14·6	
December	11·0	20·2	20·9	21·7	17·5	16·0	14·2	

(b) Actual Numbers Unemployed (in thousands)

	Mar., 1929.	Mar., 1932.	Mar., 1933.	Mar., 1934.	Jan., 1935.	Mar., 1935.	Nov., 1935.	Dec., 1935.	Jan., 1936.
Number of Insured Persons unemployed—									
Wholly unemployed ...	920	2,129	2,205	1,814	1,843	1,727	1,598	1,569	1,695
Temporarily stopped ...	200	427	511	317	360	324	226	210	351
Normally in casual employment ...	84	104	105	94	92	92	82	79	85
Total... ...	1,204	2,660	2,821	2,225	2,295	2,143	1,906	1,858	2,131

RAILWAY TRAFFIC RECEIPTS

	Four Weeks Ended				Aggregate for 8 Weeks			
	Feb. 24, 1935.		Feb. 23, 1936.		1935.		1936.	
	Passengers.	Goods.	Passengers.	Goods.	Passengers.	Goods.	Passengers.	Goods.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Great Western ...	0·6	1·1	0·6	1·2	1·2	2·3	1·2	2·3
London & North Eastern*	1·0	2·2	1·0	2·3	2·0	4·4	2·0	4·6
London Midland & Scottish	1·4	2·9	1·4	3·0	2·9	5·6	2·9	5·9
Southern	0·9	0·4	0·9	0·4	1·9	0·7	1·9	0·7
Total...	3·9	6·6	3·9	6·9	7·9	13·0	8·0	13·5

* The London & North Eastern Railway Returns are made up a day earlier each week than the other lines.

RETAIL TRADE

(from the Board of Trade Journal)

Change in value since same date in previous year

	Jan., 1933.	Jan., 1934.	Jan., 1935.	Dec., 1935.	Jan., 1936.
By CATEGORIES : Great Britain	%	%	%	%	%
Total	− 6·4	+ 3·9	+ 4·2	+ 9·1	+10·8
Food and Perishables	− 5·1	+ 3·1	+ 4·3	+10·1	+12·7
Other Merchandise of which					
Piece-goods*	−16·9	+ 6·1	− 2·8	+ 1·3	+ 1·8
(i) Household Goods ...	—	+ 3·4	− 1·5	+ 4·4	+ 5·3
(ii) Dress Materials... ...	—	+ 7·5	− 3·8	− 1·7	− 1·6
Women's Wear*	− 6·8	+ 4·0	+ 3·1	+ 8·0	+10·0
(i) Fashion Departments ...	− 9·3	+ 4·5	+ 7·1	+ 8·8	+15·3
(ii) Girls' and Children's Wear	− 5·5	− 4·3	+ 3·8	+ 4·7	+ 2·4
(iii) Fancy Drapery	− 3·7	+ 4·7	Nil	+ 8·2	+ 6·7
Men's and Boys' Wear ...	− 4·8	+ 8·3	+ 7·2	+13·5	+11·8
Boots and Shoes	− 7·0	+ 1·6	+ 9·2	+ 5·2	+10·0
Furnishing Departments ...	−17·4	+15·0	+ 3·9	+ 2·2	+ 4·9
Hardware	− 7·1	+ 9·9	− 0·6	+ 8·4	+ 7·9
Fancy Goods	+ 0·6	− 4·2	+ 5·5	+ 4·7	+ 7·8
Sports and Travel	+11·6	+ 6·2	+ 7·8	+ 6·4	+ 8·4
Miscellaneous and Unallocated	+ 2·3	+ 3·2	+ 4·3	+17·7	+13·5
By AREAS—					
All Categories—					
Scotland	− 7·1	Nil	+ 6·9	+ 7·0	+11·6
Wales & North of England ...	− 8·5	+ 3·2	+ 3·4	+ 8·4	+10·5
South of England	− 2·5	+ 4·5	+ 4·6	+10·9	+12·0
London, Central & West End	− 7·0	+ 7·0	+ 3·0	+ 9·0	+ 7·4
London, Suburban	− 5·8	+ 4·3	+ 5·2	+ 8·6	+13·0

* Including some goods which cannot be allocated to sub-headings.

OVERSEAS TRADE

Date.	Imports.				Exports.			
	Food.	Raw Materials.	Manufactured Goods.	Total.	Food.	Raw Materials.	Manufactured Goods.	Total.
Monthly Average—	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
1925	47·5	35·4	26·6	110·1	4·6	7·0	51·4	64·4
1929	44·6	28·3	27·9	101·7	4·6	6·6	47·8	60·8
1930	39·6	20·9	25·6	87·0	4·0	5·3	36·7	47·6
1931	34·7	14·4	21·8	71·8	3·0	3·9	24·3	32·6
1932	31·1	13·7	13·1	58·5	2·7	3·6	23·0	30·4
1933	28·3	15·0	12·6	56·3	2·4	3·8	23·4	30·6
1934	28·9	17·5	14·3	61·0	2·5	4·0	25·4	33·0
1935	29·7	17·7	15·4	63·1	2·6	4·4	27·4	35·5
January, 1935 ...	27·5	19·8	14·2	61·9	2·4	4·7	27·5	35·5
January, 1936 ...	31·3	22·4	16·0	70·0	2·8	4·1	26·6	34·5

SOME LEADING IMPORTS

Date.	Wheat.	Iron Ore and Scrap.	Raw Cotton.	Raw Wool.	Hides, Wet and Dry.	Wood Pulp.	Rubber.	Iron and Steel Manufactures.
Monthly Average—	(thous. cwts.)	(thous. tons)	(thous. centals of 100 lbs.)	(thous. centals of 100 lbs.)	(thous. cwts.)	(thous. tons)	(thous. centals of 100 lbs.)	(thous. tons)
1925	8,071	373	1,578	606	155	103	163	227
1929	9,314	480	1,283	678	98	137	330	235
1930	8,731	363	1,011	652	108	128	326	243
1931	9,952	185	989	707	106	122	237	237
1932	8,803	159	1,048	765	105	153	176	133
1933	9,366	234	1,169	793	120	162	189	81
1934	8,552	392	1,052	657	116	187	395	114
1935	8,435	415	1,057	720	141	185	325	96
January, 1935 ...	5,457	387	1,142	944	149	203	535	131
January, 1936 ...	6,641	579	1,422	945	130	220	208	120

SOME LEADING EXPORTS

	Coal.	Iron and Steel.	Machinery.	Cotton Yarns.	Cotton Piece-Goods.	Woollen Tissues.	Worsted Tissues.	Motor Cars.
Monthly Average—	(thous. tons)	(thous. tons)	(thous. tons)	(mill. lbs.)	(mill. sq. yds.)	(thous. sq. yds.)	(thous. sq. yds.)	(number)
1925	4,235	311	43	11·3	370	11,015	3,492	1,481
1929	5,022	365	47	11·8	306	9,016	3,490	1,991
1930	4,573	263	40	11·1	201	6,587	2,893	1,602
1931	3,563	165	27	11·4	143	4,694	2,479	1,429
1932	3,242	157	25	13·9	183	4,461	2,358	2,246
1933	3,256	160	23	15·8	169	5,110	2,741	2,821
1934	3,305	188	28	10·9	166	5,745	2,772	2,904
1935	3,226	198	32	11·8	162	5,941	3,218	3,683
January, 1935 ...	3,410	179	31	13·0	187	6,814	3,472	3,395
January, 1936 ...	2,793	165	30	12·9	167	7,315	3,429	3,453

1. WHOLESALE PRICES

Date.	Index Number (Sept. 16th, 1931 = 100).				
	U.K.	U.S.A.	France.	Italy.	Germany.
Average 1913	115·8	101·1	111·1	112·0	91·9
1925	177·9	152·3	154·1	148·9	130·2
1929	150·9	139·4	141·3	146·0	126·1
1931	107·7	103·5	105·5	103·5	101·9
1932	103·5	89·3	92·0	93·1	88·7
1933	103·5	93·7	87·7	86·6	85·7
1934	106·4	111·1	83·1	84·2	90·4
1935	108·1	120·3	78·4	—	93·5
End January, 1935 ...	106·9	118·3	79·1	85·6	92·8
„ February, 1935 ...	105·9	118·9	78·6	87·0	92·7
„ January, 1936 ...	113·0	121·8	82·3	—	95·1
„ February, 1936 ...	112·7	120·7	84·5*	—	95·2

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Générale; Italy, Italian Chamber of Commerce; Germany, Statistische Reichsamt.

* February 22nd.

2. RETAIL PRICES (cost of living)

Date.	Food.	Rent (including Rates).	Clothing.	Fuel and Light.	Other Items included.	All Items included.
End of 1925 ...	71	48	125	80–85	80	75
1929 ...	57	52	115	75	80	66
1931 ...	31	54	90	75	75	47
1932 ...	23	55	85	70–75	70–75	42
1933 ...	24	56	85	70–75	70–75	42
1934 ...	25	56	85–90	70–75	70–75	44
End Jan., 1935 ...	24	56	85–90	70–75	70	42
„ Dec., 1935 ...	31	58	85	75	70	47
„ Jan., 1936 ...	30	58	85–90	75	70	47

The figures represent the percentage increase above July, 1914, which is equal to 100.

3. COMMODITY PRICES (average for month)

Date.	Wheat No. 1 N. Manitoba.	Sugar Centrifugals U.K.	Cotton American Middling.	Wool 64's tops avge.	Pig-Iron, Cleveland No. 3.	Tin, Standard Cash.	Rubber, Plantation Sheet.
	per qr. s. d.	per cwt. s. d.	per lb. d.	per lb. d.	per ton s. d.	per ton £	per lb. d
Average 1913 ...	36 10	—	7·01	29 3/16	58 1½	—	36½
1925 ...	66 4⅛	12 9	12·65	54 11/16	72 9¾	261 3/32	34 3/16
1929 ...	54 0¾	9 0½	10·29	38⅝	70 4¼	203 13/16	10½
1931 ...	28 2¾	6 4¾	5·08	23 1/16	58 7	118⅛	3⅛
1932 ...	30 6¼	5 9⅜	5·29	22 1/16	58 6	136 5/32	2 5/16
1933 ...	28 2	5 4	5·53	28 3/16	62 3	194 13/16	3¼
1934 ...	30 11	4 8⅛	5·66	30 11/16	66 10½	230	6 3/16
1935 ...	34 3⅛	4 8	6·69	28	67 10	225 15/16	5 31/32
Jan., 1935 ...	33 2⅛	4 3⅜	7·14	24⅝	67 6	231 5/16	6⅝
Dec., 1935 ...	35 9¾	5 2⅛	6·50	30 13/16	70 0	220 5/32	6 3/16
Jan., 1936 ...	36 6	4 10	6·21	32 1/16	70 0	209 13/16	6 21/32

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